

Timely Expenditure of Funds and Remediation Plans

NCDA Region I Fall Conference

Portland, ME – October 13, 2016

Overview

- Timeliness rule
- Common reasons for failing the timeliness test
- Workout plan requirements
- Designing your CDBG program to ensure timeliness
- Questions

The Timeliness Rule

- Grantees cannot have more than 1.5 times their current program year grant in their line of credit (24 CFR 570.902(a))
- Calculation made 60 days prior to the end of the current program year
 - Around early May for most Region I grantees
- Checking your timeliness

IDIS - PR56

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Integrated Disbursement and Information System

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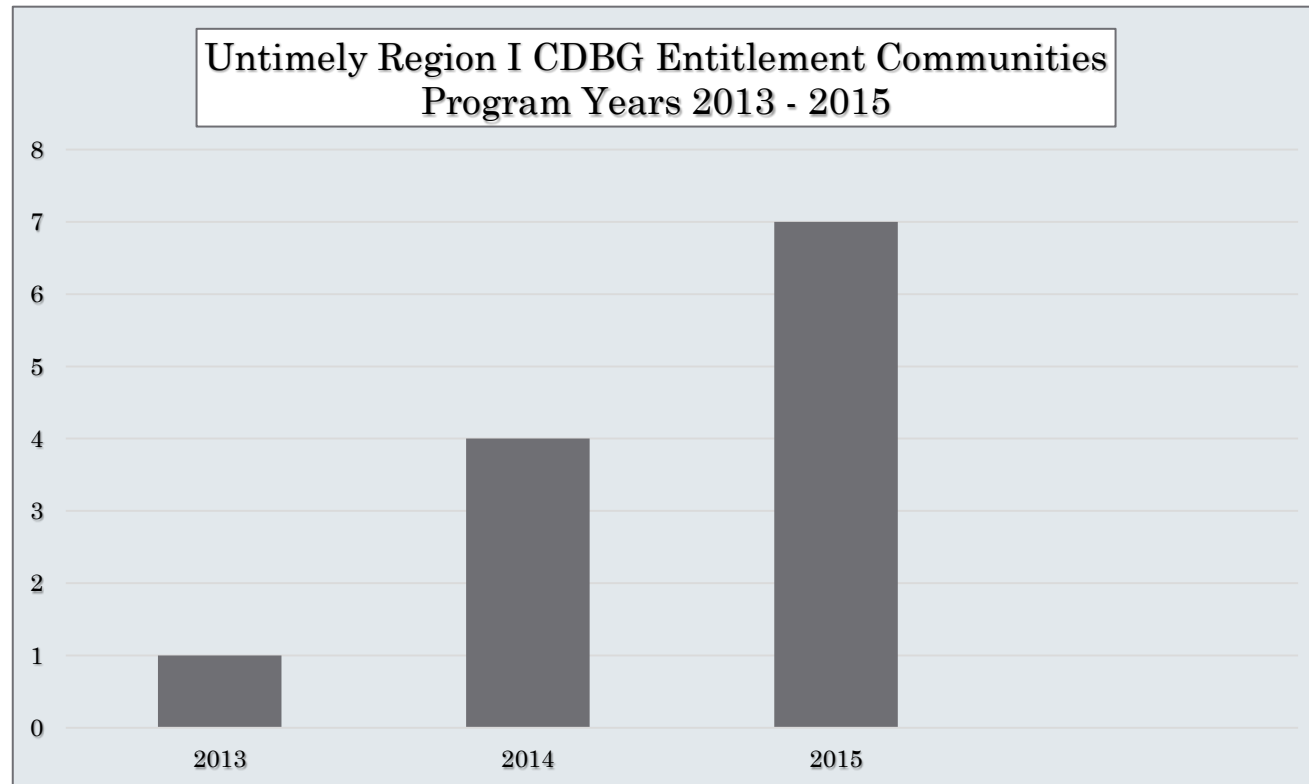
Current 60 Day Ratio Report

Field Office : BOSTON

ST	GRANTEE	LAST 60-DAY RATIO	NEXT 60 DAY TST DATE	CDBG GRANT AMOUNT	CURRENT DRAW RATIO				MINIMUM LOC DISBURSEMENT	
					--NOT ADJ FOR PI-- LOC BALANCE	RATIO	--ADJ FOR PI-- LOC BALANCE	RATIO	UNADJ MIN	ADJ MIN
MA	LAWRENCE	1.42	05-02-16	1,494,258.00	2,271,721.16	1.52	2,385,290.85	1.60	30,334	143,904
MA	LEOMINSTER	1.07	05-02-16	390,134.00	656,433.40	1.68	675,637.42	1.73	71,232	90,436
ME	LEWISTON	0.94	05-02-16	777,025.00	722,861.08	0.93	1,525,194.89	1.96		359,657
MA	LOWELL	1.50	05-02-16	1,937,144.00	3,182,035.86	1.64	3,182,035.86	1.64	276,320	276,320
MA	LYNN	0.94	05-02-16	2,311,956.00	2,418,379.02	1.05	2,895,921.71	1.25		
MA	MALDEN	1.08	05-02-16	1,225,736.00	1,320,528.07	1.08	1,327,501.04	1.08		
NH	MANCHESTER	1.23	05-02-16	1,680,761.00	3,194,433.96	1.90	3,490,395.02	2.08	673,292	969,254
MA	MEDFORD	1.30	05-02-16	1,433,774.00	2,596,204.40	1.81	2,596,472.37	1.81	445,543	445,811
NH	NASHUA	1.06	05-02-16	597,835.00	614,565.45	1.03	652,078.30	1.09		
MA	NEW BEDFORD	0.65	05-02-16	2,489,357.00	2,192,047.08	0.88	3,207,453.15	1.29		
MA	NEWTON	1.82	05-02-16	1,768,620.00	3,845,562.12	2.17	4,167,464.99	2.36	1,192,632	1,514,535
MA	NORTHAMPTON	1.06	05-02-16	602,342.00	970,591.83	1.61	970,591.83	1.61	67,079	67,079
RI	PAWTUCKET	1.48	05-02-16	1,804,334.00	2,660,652.89	1.47	3,255,198.41	1.80		548,697
MA	PEABODY	0.88	05-02-16	371,411.00	598,479.63	1.61	598,479.63	1.61	41,363	41,363
MA	PITTSFIELD	0.94	05-02-16	1,139,628.00	1,073,211.98	0.94	1,330,059.77	1.17		
MA	PLYMOUTH	1.30	05-02-16	313,034.00	636,430.30	2.03	848,577.89	2.71	166,879	379,027
ME	PORTLAND	1.43	05-02-16	1,791,064.00	2,825,481.55	1.58	3,108,686.71	1.74	138,886	422,091
NH	PORTSMOUTH	1.50	05-02-16	505,162.00	963,577.13	1.91	963,577.13	1.91	205,834	205,834
RI	PROVIDENCE	1.74	05-02-16	4,892,198.00	10,128,632.32	2.07	11,417,212.87	2.33	2,790,335	4,078,916
MA	QUINCY	1.06	05-02-16	1,691,394.00	2,236,865.13	1.32	3,215,485.69	1.90		678,395
MA	REVERE	0.63	05-02-16	700,917.00	709,499.01	1.01	714,888.42	1.02		
NH	ROCHESTER	1.14	05-02-16	227,062.00	303,294.06	1.34	303,294.06	1.34		

The Timeliness Rule cont.

- Timeliness failure is an increasing issue in Region I



Reasons for Failing the Timeliness Test

- Staff turnover = < staff capacity
- Lack of focus/direction of program
- Poor activity pipeline
- Poor subrecipient management
- Shovel readiness
- Financial (mis)management
- Unexpected cash

Workout Plan Requirements

- Involve management in development of the plan.
- Clearly show how you will meet the 1.5 timeliness standard by a specific date.
- Identify all the actions the grantee expects to take to meet the specified timetable.
- Include all projects as well as funds available for reprogramming.
- Submit quarterly status reports to HUD.
- Revise the workout plan as often as necessary to reflect actual progress.

Designing Your CDBG Program to Ensure Timeliness

- The Consolidated Plan
 - Manage the Consolidated Plan Process so that by the time the plan is in front of citizens, the activities are well thought out.
 - Identify additional activities in the Consolidated Plan that will be available for unexpected program income or when a project is not ready to proceed on schedule..
 - Conduct environmental reviews and request release of funds for projects before the Consolidated Plan has been approved.
 - Work on a 3- to 5- year window, shuffling projects among program years depending on readiness.

Designing Your CDBG Program to Ensure Timeliness cont.

- Application Process
 - Consider establishing a competitive application process – evaluate based on readiness to proceed, capacity, etc.
 - Include an implementation timeline as part of the application.
 - Establish minimum dollar threshold for assistance.
 - Consider phasing large activities over multiple years.
 - Provide technical assistance to applicants new to the program.
 - Preview model programs developed by other grantees.
 - Try to anticipate potential time delays and plan accordingly.

Designing Your CDBG Program to Ensure Timeliness cont.

- Program Management
 - Draw down funds on a regular basis; at least quarterly.
 - Review expenditure of funds for each activity on a regular basis.
 - Incorporate regularly running the IDIS PR56 into your program management.
 - Reallocate funds as needed.
 - Try to anticipate program income and plan for its use.
 - Track revolving fund expenditures and volume of activity – reprogram as necessary.

Designing Your CDBG Program to Ensure Timeliness cont.

- Subrecipient Management
 - Make sure agencies know the requirements up front before applying for funds.
 - Require subrecipients to submit quarterly progress reports and monthly invoices.
 - Maintain regular contact and provide technical assistance whenever necessary.
 - Be willing to reallocate funds from underperforming projects.
 - Orient local officials to funding specific projects/activities, rather than organizations.

Designing Your CDBG Program to Ensure Timeliness cont.

- Local Governmental Process
 - Solicit buy-in from key players early in the process.
 - Depoliticize the distribution of funds as much as possible.
 - Develop MOUs with other City agencies responsible for implementation.

Resources

- <https://www.hudexchange.info/resource/2177/cdbg-timeliness-bulletin/>
- <https://www.hudexchange.info/resources/documents/developing-and-implementing-a-cdbg-workout-plan.pdf>
- <https://www.hudexchange.info/resources/documents/developing-and-implementing-a-cdbg-workout-plan.pdf>
- <https://www.hudexchange.info/resource/2424/ensuring-cdbg-subrecipient-timelines/>

Contact Us for Assistance

- Contact your CPD Representative as soon as you think you might have a timelessness issue.
- We are available to help you strategize about how to utilize your funds to meet community needs and keep from being untimely.

Questions

- Please